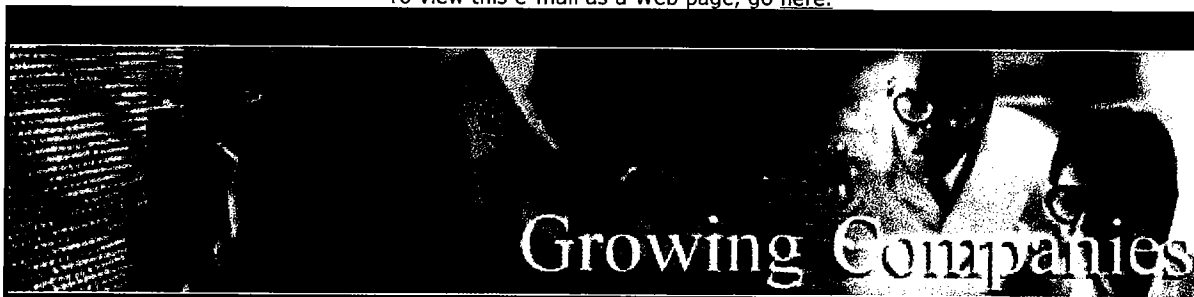


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ADVANTAGE

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Welcome

Welcome to Advantage Capital Partners' electronic newsletter for July. We think you and other decision-makers in business, finance, government, economic development and higher education will find these topics informative.

Economic Development News

Advantage's new Texas fund will help support small business growth

Advantage Capital Partners has raised approximately \$23 million under the [Texas Certified Capital Company \(CAPCO\) program](#) for investment in qualified small businesses. With a \$200 million program, Texas is the eighth state to implement a CAPCO program to encourage investment in small businesses. In addition, Washington, D.C., began a \$50 million program earlier this year. A leader in CAPCO fund management, Advantage participates in all nine programs.

"Our experience has shown that CAPCO investments attract additional venture capital dollars from outside the area to support entrepreneurs and their businesses, resulting in a more diverse and stronger local economy," said Steven T. Stull, Advantage's president.

To manage the new Texas fund, Advantage has established an office in Austin led by experienced investment professionals Timothy Cockshutt, managing director, and Damon Rawie, principal. For more on the new fund, go [here](#).

Minority-owned businesses must adapt to compete in evolving global marketplace, Kauffman study urges

Minority-owned businesses must adopt growth strategies to compete in an environment driven by the demands of a global marketplace, according to a new study sponsored by the [Ewing Marion Kauffman Foundation](#). The report, "The New Agenda for Minority Business Development," recommends minority businesses pursue more opportunities in growth industries and employ more innovative growth strategies such as strategic alliances and partnerships, mergers and acquisitions, increased use of capital markets and quicker response

to trends in supply chain management.

Kauffman noted that minorities currently represent about 28% of the U.S. population and own 15% of all U.S. businesses. However, that proportion is increasing: Between 1982 and 1997, the Census Bureau reported that the number of minority-owned firms grew three times faster than U.S. business overall.

"Encouraging minorities to start new businesses will still be a priority," said Carl J. Schramm, president and chief executive officer of the Kauffman Foundation. "But a second and equally important objective is to ensure that existing minority businesses are taking the necessary steps to achieve substantive growth. For more on the report, go [here](#)."

Kelly Gillespie to lead Missouri Biotechnology Association

Kelly Gillespie is the new executive director of the [Missouri Biotechnology Association](#) (MoBio), a non-profit group founded to develop and grow the state's biotechnology and biomedical industries. Advantage has been a longtime member and supporter of MoBio and Missouri's efforts to cultivate the life sciences.

Gillespie moves to the organization after seven years as the vice president of governmental affairs for the Missouri Chamber of Commerce and Industry, where he was instrumental in passing workers' compensation and unemployment insurance reform.

MoBio is partnering with the Missouri Chamber to help foster growth of the biotechnology association. The chamber will provide infrastructure support, including accounting and administrative services, to help MoBio build its support base and offerings to the life sciences industry.

News About Advantage Investments

FleetCor raises \$235 million in growth capital, including \$75 million Bain investment

FleetCor, a leading provider of fleet card and related information services for business fleets and petroleum retailers founded in New Orleans, has received a \$75 million equity investment from Bain Capital, a leading global private investment firm. Simultaneously, FleetCor completed a recapitalization through new bank financing consisting of a \$130 million term loan and a \$30 million revolving facility raised by JP Morgan Chase Bank and PNC Bank. The company intends to use the proceeds from the recapitalization to replace its existing indebtedness, launch a new private label fleet card program with BP, finance a partial redemption of shares from existing shareholders, and to pursue additional acquisitions of related businesses.

Advantage began investing in FleetCor in 1998 through Louisiana's Certified Capital Company (CAPCO) program, participating in funding rounds that enabled the company to invest further in products and services, transaction-processing technology platform, and strategic acquisitions. As the company has grown over the years and continued to expand, the local investment by Advantage was leveraged by considerable additional funds from investors outside the state, including Summit Partners and now Bain Capital. Advantage continues to own equity in FleetCor and has a representative on its board.

FleetCor's industry-leading fleet card programs and its partnerships with major U.S. oil companies and independent petroleum marketers help clients purchase more than 4 billion gallons of fuel annually.

QSR receives \$1.2 million investment to support growth

[Quick Study Radiology Inc.](#), a company that brings the same leading-edge radiology

technology to community hospitals and physicians practices that in the past have only been available to large hospitals, has received a \$1.2 million round of financing from Advantage Capital Partners, Eagle River, Fletcher Spaght Ventures, Mantic Investments, Mi3, Mississippi Valley Capital and Prolog Capital. The funds from this round, which was led by Advantage, will be used to provide working capital while the company continues to secure and serve a growing customer base.

QSR provides information technology management services for hospital radiology departments. In particular, the company provides implementation and support of an integrated digital radiology system, including picture archive communication systems (PACs), radiology information systems (RIS), archiving, web distribution and interfaces. QSR's client list includes community hospitals, imaging centers and physician groups in four states. Advantage first invested in QSR last winter; all of the firm's investments have been made through a small company investment fund raised in connection with the federal New Markets Tax Credits program.

For more on the investment round, go [here](#).

GridApp Systems to continue development and growth with \$5 million investment

GridApp Systems Inc. will use its latest investment round to expand sales and marketing efforts and continued development of its Clarity software. Led by Ascend Venture Group, the round included \$1 million from Advantage Capital. Advantage first invested in GridApp last year. Both of Advantage's investments were made through New York's Certified Capital Company (CAPCO) program.

Based in New York, GridApp is a database infrastructure management company. The company sells turnkey database appliances that enable customers to manage various lists through one console. Customers can manage legacy database infrastructures in a centralized grid of virtual capacity where resources can be allocated at will. This allows for less unused backup hardware, reduced software licensing costs and a simplified database administration.

"Our latest round of funding fuels the momentum we have achieved over the past year, and strengthens our position in the market by broadening market awareness and building on the success of GridApp's Clarity technology," said Rob Gardos, GridApp chief executive officer. For more on the funding round, go [here](#).

APF Group receives additional capital to support sales efforts

APF Group, Inc., a manufacturer of museum-quality picture frames and mirrors in Mt. Vernon, N.Y., has received a \$700,000 round of follow-on financing from Advantage Capital Partners, Alliance Mezzanine, and Rand Capital. This funding will allow for continued growth and resources to fulfill an increased sales effort.

Max Munn, APF president and chairman said, "This funding comes at an opportune time, supporting our efforts to solidify relationships with new distribution outlets that offer considerable potential for our business."

This is Advantage's second investment in APF, which employs more than 100 people in the Mount Vernon area, as part of New York's Certified Capital Company (CAPCO) program. "Management's knowledge of the business was an important consideration when we first invested in 2003, and they continue to make good moves to further strengthen APF's position in the marketplace," said Scott Murphy, an Advantage principal.

For more on the APF investment, go [here](#).

About Us

Advantage Capital Partners is a private equity firm focused on investing in promising companies in connection with federal, state and local economic development efforts. With offices in New Orleans, St. Louis, New York, Austin, Washington D.C., Tampa, Madison, Denver and Huntsville, Advantage has raised \$650 million in institutional private equity since 1992 and has invested in companies and projects located in states and communities underserved by venture capital investment.



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